



Executive Overview & Scrutiny
Committee: 6 September 2022

CABINET: 13 September 2022

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor Adam Yates

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SUBJECT: 2022/23 GRA REVENUE Q1 MONITORING

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the General Revenue Account (GRA) position for the 2022/23 financial year at quarter 1.

2.0 RECOMMENDATIONS

TO EXECUTIVE OVERVIEW & SCRUTINY:

- 2.1 That the 2022/23 GRA quarter 1 position be noted and agreed comments be forwarded to Cabinet to consider.
- 2.2 That future GRA Revenue Monitoring reports be considered by the newly established Budget/Council Plan Committee, unless there are specific recommendations for this Committee and Cabinet to consider.

TO CABINET:

- 2.3 That, subject to consideration of any agreed comments from the Executive Overview & Scrutiny Committee, the 2022/23 GRA quarter 1 position be noted.
- 2.4 That future GRA Revenue Monitoring reports be considered by the newly established Budget/Council Plan Committee, unless there are specific recommendations for Cabinet to consider.

3.0 BACKGROUND

3.1 In February 2022, Council agreed the 2022/23 GRA Net Budget of £14.953m

3.2 The 2022/23 budget was set prior to the worsening of the cost-of-living crisis and the escalating inflation and energy costs, the quarter 1 position includes some early estimations in the context of energy and other cost pressures along with materials shortages.

4.0 GENERAL REVENUE ACCOUNT: QUARTER 1 POSITION

4.1 The quarter 1 forecast outturn position shows a £240k overspend, further details are provided below.

<u>2022/23</u>	Budget £000s	Q1 Variance £000s
Environmental Services	6,168	0
Housing and Regulatory	1,878	0
Growth and Development	874	0
Wellbeing and Leisure	1,894	0
Corporate and Customer Services	6,269	0
Legal and Democratic Services	1,111	0
Finance, Procurement and Commercial Services	(1,042)	0
Central Service: Corporate Budgets	220	0
Central Service: Corporate Staff Vacancy Factor	(1,014)	0
NET SERVICE BUDGET	16,358	0
Non Service: Treasury Management	(122)	240
Non Service: Reserves	(1,283)	0
NET BUDGET	14,953	240
Council Tax	(8,227)	0
Business Rates: Retained Income	(2,793)	0
Business Rates: S31 Grants	(2,850)	0
Government Grants	(1,083)	0
FUNDING	(14,953)	0

Quarter 1: Review

4.2 The 2022/23 Net Budget included an increased vacancy factor that was increased by £569k, from £445k (around 2.5% of salary costs) to £1.014m (around 6%), whilst the budget is currently held centrally, the quarter 1 outturn position of salary budgets across the Council shows that this vacancy factor will be met.

4.3 The current Local Government pay offer for 2022/23 is a flat increase of £1,925 per full time employee, regardless of grade. An estimation of the cost impact is c.£1.036m (around 5.9% of salary costs), the quarter 1 forecast outturn position shows that this increase can be accommodated within the existing salary budget.

4.4 As the cost-of-living crisis deepens, inflation is at new highs and with escalating energy costs, an estimation of the impacts currently shows a £200k energy cost pressure is expected in 2022/23. At the end of quarter 1 it is anticipated that this variance will be offset by various budget underspends in-year.

Quarter 1: Forecast Outturn

- 4.5 A prudent approach has been taken for quarter 1 forecasts given the early stage in the year, the GRA forecast outturn position at quarter 1 shows a £240k overspend, this represents around 1.6% of the Net Budget.
- 4.6 The £240k overspend relates to the on-going underachievement of the investment income target of £500k set at the time of SORP, which assumed higher cash balances being available for investment than the actual current levels, that could be invested in short and long-term investments achieving higher returns, further details are provided in the 2022/23 Treasury Management Q1 Monitoring report.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 Careful monitoring the budget position helps ensure that the GRA remains able to deliver services and is financially sustainable in the medium term.

6.0 RISK ASSESSMENT

- 6.1 The formal reporting of performance on the General Revenue Account is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore, no Equality Impact Assessment is required.

Appendices

Minute of Executive Overview and Scrutiny Committee – 6 September 2022 (Cabinet only)